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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/10/06

SPONSOR Fox-Young LAST UPDATED \_\_\_\_\_ HB 819

SHORT TITLE Public Money Bond Authorization SB \_\_\_\_\_

ANALYST Kehoe

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
\$31,000.0		Non-Recurring	General Fund
	\$88,600.0	Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates, Relates to, Conflicts with, Companion to

Duplicates Appropriation in the General Appropriation Act  
 Relates to Appropriation in the General Appropriation Act

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
\$31,000.0			Non-Recurring	State Building Bond Fund
	\$88,600.0		Non-Recurring	State Building Bond Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Taxation and Revenue Department (TRD)  
 General Services Department (GSD)  
 New Mexico Finance Authority (NMFA)

### SUMMARY

House Bill 819 appropriates \$119.6 million from the general fund for defeasance of all outstanding State Office Building Tax Revenue Bonds; and appropriates funds for certain capital

projects for which the bonds have been authorized.

### **FISCAL IMPLICATIONS**

House Bill 819 appropriates \$31 million from the general fund to the state building bonding fund for expenditure in fiscal years 2006 and 2007 for the purpose of retiring all outstanding state office building tax revenue bonds. Any unexpended or unencumbered balances remaining at the end of fiscal year 2007 shall revert to the general fund.

The bill appropriates \$88.6 million from the general fund to the Property Control Division of the General Services Department for expenditure in fiscal years 2006 through 2011 for certain capital outlay projects as follows:

- \$23.5 million to purchase, renovate, equip and furnish the Public Employees Retirement Association (PERA) building located on the central capitol campus in Santa Fe, at a negotiated price that is not less than fair market value.
- \$8 million to plan, design, construct and equip a parking structure located on the central capitol campus in Santa Fe to be transferred to and operated by the Legislative Council Service.
- \$31.8 for land acquisition and to plan, design, construct and equip a state laboratory facility in Albuquerque.
- \$10.3 million for capital projects at the Southern New Mexico Rehabilitation Center (SNMRC) at Roswell.
- \$11 million for capital projects at the New Mexico Behavioral Health Center (NMBHC) at Las Vegas.
- \$4 million for capital projects at the Fort Bayard Medical Center (FBMC) near Silver City.

The bill repeals Section 8 of Laws of 2005 (Chapter 320) which eliminates authorization for \$39 million in revenue bonds payable from cigarette tax revenues for SNMRC, NMBHC, FBMC, and the state laboratory currently under construction in Albuquerque.

The New Mexico Finance Authority (NMFA) reports approximately \$43 million of debt service balance remains on the State Office Building Revenue Bonds and confirms the cost to retire the bonds is \$31 million, assuming the state would purchase an escrow and earn at least 4.36 percent. This represents a \$12 million in savings over the life of the bonds.

According to TRD, the proposed bill does not address the earmark of \$6 million of gross receipts tax revenue which currently goes to the State Office Building Fund to pay debt service on the outstanding bonds. If the bonds proposed in this bill are retired, it may be possible to eliminate the earmark of the revenues and allow the money to flow back into the general fund.

### **SIGNIFICANT ISSUES**

The New Mexico Finance Authority in 2002 issued \$34,695,000 of State Office Building Tax Revenue bonds for three projects authorized by the Legislature. The projects included purchase of the NEA building, West Capitol Complex and the acquisition of land on Cerrillos Road in Santa Fe. The bonds are secured with a pledge of the first \$500,000 per month in gross receipts

tax collections from the state.

In addition, NMFA issued bonds for the Department of Cultural Affairs for \$5,760,000 in 2003. This debt is secured by the same revenue stream and has approximately \$5,613,000 outstanding, but the debt is currently callable.

The four Department of Health projects listed above were authorized by the Legislature in 2005 and financed through the issuance of bonds by NMFA with a pledge of cigarette tax revenues and a backup pledge of the cigarette tax credit enhancement account. The bonds have not been issued as of this date.

LMK/mt